

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
DTE GAS COMPANY for reconciliation of its)	
revenue decoupling mechanism for the period)	Case No. U-18206
November 1, 2015, through October 31, 2016.)	
_____)	

At the May 31, 2017 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

In the Commission's December 20, 2012 order in Case No. U-16999 (December 20 order), the Commission terminated DTE Gas Company's (DTE Gas) previous revenue decoupling mechanism (RDM) effective November 1, 2012, and adopted a new RDM that was implemented beginning November 1, 2013. This new, Commission-approved RDM is a simple revenue tracker that continued from November 1, 2013, until DTE Gas implemented new general service rates on November 1, 2016. The reconciliation is therefore through October 31, 2016.

On January 30, 2017, DTE Gas filed an application, along with supporting testimony and exhibits, seeking *ex parte* approval of the company's reconciliation of revenue pursuant to its RDM computation that resulted in a net revenue overrecovery for the period November 1, 2015, through October 31, 2016 of approximately \$3.72 million, excluding interest.

A prehearing conference was held on March 21, 2017, before Administrative Law Judge Mark D. Eyster (ALJ). DTE Gas and the Commission Staff participated in the proceeding. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

According to the terms of the settlement agreement, attached as Exhibit A, the parties agree that DTE Gas has met each of the Commission's requirements set forth in its December 20 order regarding the approved RDM reconciliation of distribution revenue. The parties further agree that DTE Gas's net revenue overrecovery for the period November 1, 2015, through October 31, 2016 is \$3,670,903, excluding interest. The \$3,670,903 is the net of a refund of \$3,971,233, excluding interest, provided to customers in rate schedules A, AS, 2A I, GS-1, and S in the form of credits and a \$300,330 recovery, excluding interest, in the form of a surcharge levied on rate schedule 2A II. In addition, DTE Gas proposes that any residual decoupling balance resulting from an over- or undercollection, or over- or underrefund, be included as part of a subsequent RDM reconciliation with any remaining residual balance reconciled by rate schedule.

The parties further agree that the Commission should authorize and approve implementation of the positive and negative surcharges as set forth on the Exhibit A-8 tariff sheet, which is included as Attachment 1 to the settlement agreement. The parties agree these positive and negative surcharges will be effective on a bills-rendered basis during the billing months of October, November, and December 2017.

The Commission finds that the settlement agreement is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A, is approved.

B. DTE Gas Company's revenue decoupling mechanism reconciliation for the period of November 1, 2015, through October 31, 2016, is approved.

C. DTE Gas Company's net revenue overrecovery of \$3,670,903, excluding interest, for the period November 1, 2015, through October 31, 2016, is approved.

D. DTE Gas Company is authorized to implement the positive and negative surcharges effective on a bills-rendered basis during the billing months of October, November, and December 2017 as set forth in the tariff sheet included as Attachment 1 to the settlement agreement.

E. Any residual decoupling balance resulting from an over- or undercollection, or over- or underrefund, shall be included as part of a subsequent revenue decoupling mechanism reconciliation with any remaining residual balance reconciled by rate schedule.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of May 31, 2017.

Kavita Kale, Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
DTE Gas Company for Reconciliation)
of its Revenue Decoupling Mechanism (RDM))
for the Period November 1, 2015 through)
October 31, 2016)

Case No. U-18206

SETTLEMENT AGREEMENT

Pursuant to Section 78 of the Administrative Procedures Act of 1969 ("APA"), as amended, MCL 24.278 and Rule 431 of the Rules of Practice and Procedure before the Michigan Public Service Commission ("MPSC" or "Commission"), the undersigned parties agree as follows:

1. This Stipulation and Settlement Agreement ("Settlement Agreement") between DTE Gas Company ("DTE Gas"), and Michigan Public Service Commission Staff ("Staff"), (collectively, the "Parties") is intended by the Parties as a final settlement and satisfaction of all issues before the Commission regarding the reconciliation of DTE Gas Company's Revenue Decoupling Mechanism ("RDM") for the period November 1, 2015 through October 31, 2016, as filed in Case No. U-18206.

2. On January 30, 2017, DTE Gas Company filed the direct testimony and exhibits of Matthew A. Krupinski seeking approval of the RDM computation that resulted in a net revenue over-recovery for the period November 1, 2015 through October 31, 2016 of approximately \$3.7 million excluding interest. On February 15, 2017, the Commission directed DTE Gas Company to publish a notice of hearing to all cities, incorporated villages, townships and counties in its natural gas service area. A prehearing conference was conducted on March 21, 2017, at which time a second prehearing was scheduled for May 23, 2017, and Staff appeared as a party to the

case. Subsequent to the prehearing, Staff completed its audit and the Parties entered into settlement negotiations in an attempt to efficiently resolve the matters before the Commission in this case. As a result of those settlement discussions, the Parties have reached settlement of all issues in this case as set forth in the following paragraphs.

3. In its December 20, 2012 Order in Case No. U-16999 (“December 20 Order”) the Commission terminated the previous RDM effective November 1, 2012 and adopted a new RDM that was implemented beginning November 1, 2013.¹

4. The Parties agree DTE Gas has met each of the Commission’s requirements set forth in the December 20 Order. Specifically, DTE Gas’s RDM reconciled distribution revenue, excluding GCR revenues, surcharges and customer charges produced by the sales forecast of 152,330 MMcf to weather normalized actual distribution revenue, excluding GCR revenue, surcharges, customer charges and GS-2 and EUT sales. Also consistent with the U-16999 Order, weather normalized revenue is calculated using the annual 15 year weather normalization based on DTE Gas’s proposed 15 year weather normalization methodology included in that case. Base rate revenues were multiplied by program year cap percentage (1.125% year one, 2.25% year two and subsequent years) on a year to date rate schedule basis. The difference in revenue, by rate schedule, was then compared to the caps by rate schedule. The absolute value of the variance between revenues from Case No. U-16999 and actual weather normalized revenues was then used to determine if an asset or liability exists. The RDM adjustment asset or liability is the lesser of the defined cap or the actual variance, compared on an absolute value basis.

¹ See December 20, 2012 MPSC Order approving partial settlement in Case No. U-16999, page 3 and Exhibit A, paragraph 5.

5. The Parties agree that, based upon the RDM calculations set forth above, DTE Gas's net revenue over-recovery for the period November 1, 2015 through October 31, 2016 is \$3,670,903 excluding interest. The \$3,670,903 is the net of a refund of \$3,971,233 excluding interest provided to customers in rate schedules A, AS, 2A I, GS-1, and S in the form of credits and \$300,330 recovery excluding interest in the form of a surcharge levied on rate schedule 2A II. In addition, DTE Gas proposes that any residual decoupling balance resulting from an over- or under-collection, or over- or under-refund, be included as part of a subsequent RDM reconciliation with any remaining residual balance reconciled by rate schedule.

6. The Parties agree that the positive and negative surcharges as set forth on the Exhibit A-8 tariff sheet, included as Attachment 1 to this Settlement Agreement, are correct and are intended to reduce the residual balances as much as practicable and should be approved by the Commission. These positive and negative surcharges will be effective on a bills rendered basis during the billing months of October, November and December 2017.

7. This Settlement Agreement is entered into for the sole and express purpose of reaching a compromise among the Parties. All offers of settlement and discussions relating to this Settlement Agreement are considered privileged under MRE 408. If the Commission approves this Settlement Agreement without modification, neither the Parties to this settlement nor the Commission shall make any reference to, or use this Settlement Agreement or the order approving it, as a reason, authority, rationale, or example for taking any action or position or making any subsequent decision in any other case or proceeding; provided however, such

references may be made to enforce or implement the terms of the Settlement Agreement and the order approving it.

8. This Settlement Agreement is not severable. Each provision of this Settlement Agreement is dependent upon all other provisions of this Settlement Agreement. Failure to comply with any provision of this Settlement Agreement constitutes failure to comply with the entire Settlement Agreement. If the Commission rejects or modifies this Settlement Agreement, this Settlement Agreement shall be deemed to be withdrawn, and shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall not operate to prejudice the pre-negotiation positions of any party.

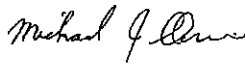
9. The parties recommend the Commission find that approval of this Settlement Agreement by the Commission is reasonable and in the public interest, and will reduce the time and expense of the Commission, its Staff, and the Parties.

10. The Parties agree to waive Section 81 of 1969 PA 306 (MCL 24.281), as it applies to the issues in this proceeding, if the Commission approves this Settlement Agreement without modification.

11. This Settlement Agreement may be executed in any number of counterparts, each considered an original, and all counterparts that are executed shall have the same effect as if they were the same instrument.

WHEREFORE, the undersigned parties respectfully request the Commission approve this Settlement Agreement and make it effective in accordance with its terms by final order.

**MICHIGAN PUBLIC SERVICE
COMMISSION STAFF**

By: 
Michael J. Orris (P51232)
Assistant Attorney General
Public Service Division
7109 W. Saginaw Hwy, 3rd Flr
Lansing, Michigan 48917

Dated: _____, 2017

DTE GAS COMPANY

David S.
Maquera
By: _____
Its Attorney
David S. Maquera (P66228)
One Energy Plaza, WCB 688
Detroit, Michigan 48226

Digitally signed by David S. Maquera
DN: cn=David S. Maquera, o=DTE
Energy, ou=General Counsel -
Regulatory,
email=David.Maquera@dteenergy.com,
c=US
Date: 2017.05.19 15:57:45 -0400

Dated: _____, 2017

ATTACHMENT 1

Case No.: U-18206
Exhibit: A-8
Witness: M.Krupinski
Page: 1 of 1

M.P.S.C. No. 1 – Gas
DTE Gas Company
(Revised pursuant to Case No. U-18206)

Revised Sheet No. D-2.00
Cancels Revised Sheet No. D-2.00

D2. SURCHARGES

	Rate Schedule No.	<i>U-18206 RDM (Credit)/ Surcharge \$/Month</i>
A & AS	Residential	<i>\$(1.06)</i>
2A	Residential Multiple Family Dwelling Class I	<i>\$(5.02)</i>
2A	Residential Multiple Family Dwelling Class II	<i>\$18.36</i>
GS-1	Non-Residential General Service	<i>\$(0.77)</i>
GS-2	Large Volume	
	<100,000 Mcf	
	>100,000 Mcf	
S	School	<i>\$(90.62)</i>
ST	Small Volume Transportation	
LT	Large Volume Transportation	
XLT	Extra Large Volume Transportation	
XXLT	Double Extra Large Volume Transportation	
EUT Exploratory Program		

The RDM (Credit)/Surcharge approved in Case No. U-18206 is implemented on a "bills rendered" basis and is effective for three months for bills rendered on and after October 1, 2017 and will expire December 31, 2017 for rate schedules A, AS, 2A I and II, GS-1 and S.

This is only the proposed incremental language for the RDM (Credit)/Surcharge. This language would be added to the current Sheet D-2.00 in effect at the time the surcharge is approved. Because the surcharge(s) currently in effect may change between the time this sheet is proposed and its approval, only the language and rates at issue in this case are included. DTE Gas proposes this incremental language tariff to avoid confusion at the time of final tariff issuance.

Issued _____, 201__
D. M. Stanczak
Vice President
Regulatory Affairs

Detroit, Michigan

Effective for bills rendered on and after the first billing cycle of _____, 201__

Issued under authority of the
Michigan Public Service Commission
Dated _____, 201__
In Case No. U-18206